

THE PRODUCT MANAGEMENT AND MARKETING AUTHORITY

PRAGMATIC MARKETING

SPRING 2016



the *Organic*  issue

fresh content

WHEN IT COMES TO FOOD, ORGANIC is all the rage. There are whole sections of the grocery store focused on organic fruits and vegetables. It's featured front and center on packaging. And it comes with a premium price.

In business, though, it's the inorganic growth we talk about most: mergers, acquisitions, partnerships, takeovers. Those are the stories that fill the news and grab the headlines. And they can be powerful tools, as Frank Tait writes about in this issue.

But what if we put just a little more focus on organic growth, on thinking about how we can leverage the products, organizations, processes, customers, markets, etc. already in place to drive growth? With the right focus, could we move beyond slow and steady growth and really start to drive the numbers and scale our business naturally?

Those were the driving questions as we put together this issue of *Pragmatic Marketer* and why we've gathered a team of thought leaders to talk about everything from how to cultivate the right employees to how to grow through segmentation. And as always, we've tried to include actionable tools and tips you can implement immediately. So grab a coffee and dig in!

Happy reading,



Rebecca Kalogeris
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PRAGMATIC MARKETER

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 PRAGMATIC MARKETING

Since 1993, Pragmatic Marketing has conducted product management and marketing training for 8,000 companies on six continents. Our team of thought leaders produces blogs, webinars, podcasts and publications that product professionals around the world turn to for industry insights.

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THE CHALLENGES OF

Building Market-Driven Startups



VIDEA™



Andrea Moe, senior director of marketing for Videia, shared her firsthand account of building market-driven organizations inside startups at a recent Pragmatic Leadership Breakfast in Atlanta. Below are some of the highlights from her talk.

VIDEA IS A STARTUP WITH A GOAL TO SIMPLIFY the way that television inventories are bought and sold. Today this is a very manual process. The media buyer determines the target market and then contacts that specific market's rep (and there are more than 600 of them across the U.S.). Now imagine that you want to buy local advertising in the California and New York markets. First, you must contact multiple reps (each has responsibilities for specific TV stations), then those reps must find out what their station's inventory is and get back to you. This is all handled by telephone and fax (yes, fax). It can take weeks or months to buy one TV spot on a show.

When I joined Videia to help bring this new product to market and address these problems, we didn't have a mature product marketing department in place. This provided me with an opportunity to leverage the key lessons from my Pragmatic Marketing training as well as from 18 years of experience working in small business and enterprise software.

Lesson 1: Get buy-in. Explain to everyone—from the ground floor to executive staff in every department—why you're there and what you intend to accomplish. If necessary, draw it

Hope is not a strategy. The process of product development is often quite foreign to entrepreneurs.

out on a whiteboard or piece of paper; explain the Pragmatic Marketing Framework to your stakeholders. This ensures there is a shared understanding of the "why" in marketing and the strategic role we fill.

Lesson 2: Create a strategy. It's crucial to talk to prospects and implement a process so that you can build products people want. Remember, hope is not a strategy. The process of product development is often quite foreign to entrepreneurs. They may not understand the importance of doing market research. Instead they'll say, "Oh, I went to a conference and talked to people." That's fine, but it's important to do quantitative research around the product you're trying to build.

At Videia, I discovered six different positioning slides from business development, sales and operations, really anyone who had touchpoints with the company. We had plenty of work to do to ensure that our messaging was consistent and on point.

Lesson 3: Prioritize. If you don't have buyer personas, start there. If you haven't done a competitive analysis, start there. While there is no rule about where to start, doing a gap analysis makes a lot of sense. Not only will it shed light on where responsibilities lie (or don't lie) within the organization, but it allows you to say "What are we doing well? What are we not doing well?" Now you can start to prioritize.

Lesson 4: Bring co-workers along. I've learned the importance of bringing people along to show them how things should work. I've seen the value of having different teams, not just the

product or marketing teams, take Pragmatic Marketing courses. The training gets everyone on the same page; it helps provide a level playing field where everyone speaks the same language.

Lesson 5: Share. You often get the best feedback from departments that may not understand what you're trying to do, so always carry your one-page competitive analysis documents with you. I post them on the shared directory so everyone has access. They help everyone understand who it is that's in the market, what they are doing, how they are doing it, all in a succinct one-page document. It's a great way to validate that what you're thinking is correct.

Lesson 6: Be creative. Trade shows, meetups and professional happy hours are great opportunities to get feedback on your positioning documents and marketing materials. They're also great opportunities to talk to people about their concerns and find out what keeps them up at night.

Twitter has been a great resource for connecting with people who are experiencing the same things I am. Even better, they're willing to share information. I recommend asking questions addressed to #prdmgmt and #prdmktg.

You often get the best feedback from departments that may not understand what you're trying to do.

Lesson 7: Be patient. Remember that the concept of product marketing may be foreign to many co-workers, so be patient when you explain the process to people within your organization. If you have case studies, share them. Show how you plan to build the product and the types of activities that are required to be successful. Be sure to demonstrate the

buying process, your buyer personas and how you plan to map everything. Initially, they may be unfamiliar with the process, but be patient and talk it through.

If you keep these seven lessons in mind, you're well on your way to creating a market-driven organization, regardless of company size.

TRAVEL TIPS FOR ROAD WARRIORS

Meet Me in St. Louis

Long known as the "Gateway to the West," St. Louis was the launching point for Lewis and Clark's famed expedition. Today the city is a study in 21st-century urban renewal and a burgeoning tech ecosystem that continues to brim with historic sites and landmarks.

Gateway Arch | gatewayarch.com

The stainless steel arch is a symbol of the city's role as the "Gateway to the West." At a height of 625 feet, it's the tallest national monument in the world. The arch is located in the Jefferson National Expansion Memorial Park, where you'll also find the Museum of Westward Expansion, the Old Courthouse (site of the Dred Scott slavery case) and the first cathedral to be erected west of the Mississippi.

The National Blues Museum | nationalbluesmuseum.org

Opened earlier this year, the museum offers visitors a venue through which to explore the various regional styles of the blues and learn about the musicians who created this music. The 23,000-square-foot museum includes more than 16,000 square feet of highly interactive technology and artifact-driven exhibits, and a 150-seat performance area.

The Delmar Loop | visittheloop.com

The Delmar Loop got its name more than a century ago from streetcars that came west and "looped around" before connecting to other areas. Now the six-block district of restaurants, boutiques, bars, galleries and open-air cafés is where the young and trendy go to see and be seen.

St. Louis Art Museum | slam.org

One of the nation's leading comprehensive art museums, SLAM has an encyclopedic collection of more than 33,000 works. Admission is free.





St. Louis Zoo | stlzoo.org

How many cities can boast of having one of the top zoos in the country that's also free to the public? Well, St. Louis can. The zoo is home to more than 5,000 animals, so there's plenty to see. Popular habitats include the Penguin and Puffin Coast and Polar Bear Point.



ITEN | itenstl.org

"Tech hub" and "St. Louis" may not be synonymous yet, but the city is determined to change that perception. ITEN was founded in 2008 as a catalyst for the region's IT startup ecosystem, enabling experienced entrepreneurs to help other entrepreneurs build successful tech ventures. The organization serves more than 280 startup ventures and involves more than 80 volunteer mentors and six entrepreneurs-in-residence.

Anheuser-Busch Brewery | budweisertours.com

Take a free 45-minute tour of one of the world's largest and most recognized brewing facilities. Not only will you gain a wealth of beer knowledge from your tour guide, you'll also visit the historic Budweiser Clydesdale Stable, watch beer being made in the Brew House and stroll through the cellars where it's aged, all while sipping on samples (if you're 21 or older, of course).

Gateway Arch Riverboat Cruises

gatewayarch.com/experience/riverboat-cruises

After viewing the city from the Gateway Arch, take a relaxing riverboat cruise on the Mississippi River for a view of the St. Louis skyline from a replica 19th-century paddle-wheel riverboat. Choose from one-hour sightseeing cruises, skyline dinner cruises or specialty cruises.

Gus' Pretzels | guspretzels.com

Nestled in the shadow of the Anheuser-Busch Brewery, Gus' Pretzels is a third-generation family-owned and -operated St. Louis tradition. It's a great place to start or end a brewery tour.

Pappy's Smokehouse | pappysmokehouse.com

This Memphis-style BBQ joint is nationally renowned for its top-notch smoked meats and tasty sides. It's such a hit with locals that lines often form around the block.

Scott Joplin House State Historic Site

mostateparks.com/park/scott-joplin-house-state-historic-site

If you're a fan of ragtime jazz, you won't want to miss a visit to the house of Scott Joplin, who lived here with his wife Belle from 1901 to 1903. The house is furnished in period style and includes memorabilia and a player piano featuring the artist's music.

Pragmatic Live is on air.

Our popular webinar and podcast series will help you conquer your greatest product management and marketing challenges. It offers best practices and tips, as well as an inside look at how they're being implemented in some of today's most successful companies.

So, if you're looking to stay tuned in to the latest in technology, look no further than

pragmaticmarketing.com/live

PRAGMATIC | live))



HOW TO SAY "NO"

You're never going to have time to get out of the office and into the market if you're always busy responding to requests. But which of those requests can you really say no to? Use this handy flowchart to find out.

WHO MADE THE REQUEST?

SALES

DEVELOPMENT

CUSTOMER

Is the demo location on your bucket list?

Is it on the roadmap?

Will the feature make you look cool to your friends?

Is there another solution to the request?

NO

YES

NO

YES

NO

YES

NO

YES

Is it reusable?

Is it solving a market problem?

Will it eliminate technical debt?

Can we buy or partner for it?

Is it profitable?

NO

YES

NO

YES

NO

YES

YES

NO

YES

NO

MANY

n=1 or n=many?

n=1

n=many

Don't build. NIHITO

Can anyone else do this?

YES

NO

Does it have market data?

NO

YES

Does it relate to your corporate goals?

NO

YES

Is this a reference account?

YES

NO

Does their logo bring the perfect balance to your About Us slide?

YES

NO

Does it fit with your company's competencies?

YES

NO

Don't build. NIHITO

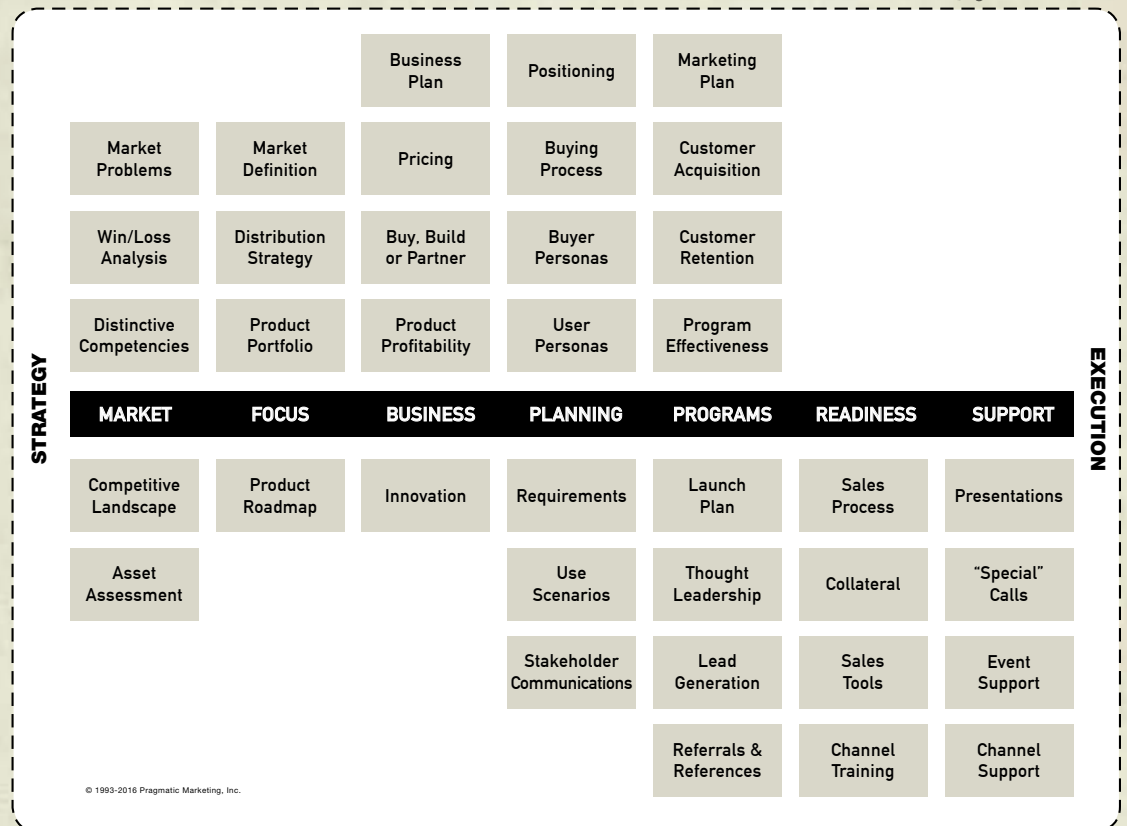
BUILD IT!

Want to learn more about how you can make a bigger strategic impact in your company? Register for a course near you: pragmaticmarketing.com/buy

How to Succeed in Technology

A STEP-BY-STEP GUIDE:

- 1 Cut out framework, avoiding pesky paper cuts.
- 2 Post conspicuously throughout office.
- 3 Follow framework faithfully with peers.
- 4 Reap the benefits of being market driven.
- 5 Rinse and repeat.





Ask the Experts:

In building an online presence for a product, where do I focus my content?



Jon Gatrell, Instructor
Pragmatic Marketing

EVERY TIME I FIND MYSELF IN A NEW ROLE or with a new product, I always start with engaging the market. Working with customers and prospects will provide insights into what your users value and the problems that they want to solve. This will help you determine what content to focus on.

You should also engage with your sales team to see who the typical buyers are and then perform win/loss calls. Once you have identified the buyer and user personas through these methods, spend time with the team to do a positioning exercise for those personas. Now you will have a core message established and an understanding of your buyers' criteria for solving their problems. This is in essence the DNA you need to start creating content for the web. And content that focuses on the buyers' needs is significantly more engaging than product-focused content.

You may have heard that nearly 70 percent of the buyer's journey is complete before they even reach out to sales. That means when buyers find your content, it's because they have a particular challenge to solve and are evaluating the options. So make sure your content explains how you can help your customers.

Your online presence should also extend to other places your personas congregate online. This is another place a buyer persona is helpful, because when you interview buyers you can find out what they read (blogs, journals), whether they use social media, and if so, which networks. This will help you prioritize your content channels, mirror the language they use and understand how your content resonates with readers and drives engagement. **PM**



Do you have a question for our experts? Send us an email at experts@pragmaticmarketing.com.



THE GERMINATION OF *Great* PRODUCT TEAMS



BY
ANURAAG
VERMA

BUILDING A GREAT PRODUCT TEAM BEGINS WITH hiring great product people. But who are product professionals and what exactly do they do? Sometimes even product pros find this a difficult question to answer because their scope is wide and they wear many different hats.

Ken Yeung, a reporter for *The Next Web*, defines them as, “the unsung heroes of the industry, these skilled professionals are the people who manage every movement of the product’s lifecycle, taking the idea and

guiding it through development.”

So how do you find one of these multi-talented, unsung heroes that’s the perfect match for your products and company?

CREATE AN IDEAL CANDIDATE PERSONA

This role is often a jack-of-all-trades, able to dabble in anything from software engineering to market predictions, customer surveys and sales. Unfortunately, it’s not always possible to find someone who checks all

the boxes, but by starting with a clear picture of who you want, you'll have a much better idea of what traits to look for and where and how to go about sourcing them.

Defining exactly what you want in the role is not a clear-cut task and will vary across companies. The skills, experience and personal qualities required will be dependent on the specific needs of your company and the role you are trying to fill. However, there are some common traits to look for.

Customer Empathy

They must display a deep understanding of both customers and competitors to build products that customers want to use. This valuable market insight comes from having a genuine sense of empathy. Rather than viewing themselves as separate from the customer, they must be willing to immerse themselves in the customer's world to understand that perspective: what their needs are and how to meet them.

To screen for this, ask candidates about your target market and note their reaction: Do they relate to and respect your customers? Do they have past experience with them, or express passion for learning more about them?

Work Ethic

Product management requires doing whatever it takes to get a variety of jobs done. It requires a heightened level of focus and commitment.

The success of the product is in their court, and you need to trust that they'll be there to catch the ball at all times. Their strong work ethic and commitment to the product's success needs to be contagious enough to carry the whole team through.

Communication

Strong communication skills are critical to success. This includes listening to—and implementing—customer feedback, providing succinct but detailed updates in meetings, and maintaining communication channels between engineers, designers and the marketing and sales team. To gain trust and communicate efficiently, it's important they speak the language and technical jargon of each department.

It's easy to pick up on oral communication skills during an interview, but also consider using a short writing assignment to test a candidate's written communication skills.

Past Experience

Do you want someone who will successfully meld into a large company culture? What about someone who has skills that pertain to a specific industry? Or, perhaps you want someone who is more entrepreneurial. Maybe you want someone who can build out a team and create a structure for building new products. Knowing how high within the organization or team this person will sit helps determine what past experiences and skill sets to look for.

"Unless the position is very junior, I'll usually hire product

managers who've actually shipped a product," said Ken Norton, a product partner at Google Ventures. No amount of studied skill can beat hands-on experience.

Skill Set

As they interact with people across all levels and departments on a daily basis, they must fit seamlessly into company culture. They should be easy to work with and willing to joke and have a bit of fun, even when under pressure. Although the skills you focus on hiring for will vary based on whether someone spends most of their time in marketing and sales or works with engineers to develop the product, here are some common skills to look for:

- **Technical:** Not all product positions require technical skills, but it's beneficial to understand what is required from the engineering team and be able to discuss this in technical terms. This helps ensure an understanding of the technical implications of a product decision.
- **Business and marketing:** There's no use building a great product if no one wants to buy it. They must understand the market they are catering to and must know how to tailor current and future products to meet those needs.
- **Management and communication:** Product people don't work alone, or even in one department. They collaborate with a diverse team and need the communication, leadership and interpersonal qualities suited to this role.
- **Strategic thinking:** Product professionals, especially at a senior level, must be able to think strategically. This helps them be successful in planning, budgeting, resource allocation and operations.

Skills can be learned on the job, so don't be too critical if an otherwise acceptable candidate doesn't have the entire skillset you are looking for.

THE JOB DESCRIPTION

Now that you have a very clear idea of what skills, personality traits and experience you're looking for in a candidate, you need to create a job description before you can start sourcing candidates.

As product positions can be so open-ended and vary from company to company, try to be as clear as possible on exactly what their duties and responsibilities will include. Do you require someone to market current products? Will they conceptualize and build new products? Will they only focus on a specific industry?

Paint a picture of the work environment and the teams they



will need to coordinate with. Be clear about who you are as a company. Spell out the exact skills that are necessary and any other educational requirements. Indicate the experience level required and provide an idea of what a successful candidate would be like. Also remember to reflect on the appeal of working at your company, rather than simply listing your demands of applicants.

SOURCING

Sometimes the best candidates are already working within your organization, masquerading under another guise. Designers or engineers who have years of experience working with your particular products and systems or have occupied prominent project leadership positions before could be ideal candidates. They are already ingrained within your company culture and have a deep knowledge of how your business works.

On the other hand, sometimes the best solution is to bring in fresh, outside talent with the exact industry skills and experience you are looking for. A few managers I asked said they found their best hires through referrals from their professional network and other team members. They also recommended the following job sites:

- Angellist (for startups)
- LinkedIn (check out the Pragmatic Marketing Alumni Group)
- SimplyHired
- Mind the Product
- ProductHire

THE JOB INTERVIEW

Once you have hand-selected promising applicants, it's time to screen them. This is your chance to filter through the noise and hone your selection. Screen for skills defined in the job description and ask questions that give each applicant a chance to teach you something new.

You need to validate their ability to conceptualize, create and carry through products that solve market problems. Use these interviews as an opportunity to test how they problem-solve and meet the criteria you set.

Microsoft is known for drilling interviewees about how to

solve a single problem until they can no longer come up with a solution. The focus is not on a candidate's answer to the problem, but rather on the steps they take to try to solve it and how well they handle themselves when they don't.

Discuss a problem and see how the applicant divides it into smaller actionable steps. You want to see how candidates define problems, how they break them down and what experience they have with testing and measuring possible solutions.

Asking questions helps encourage candidates to think strategically. It also reveals their level of problem solving, technical ability, communication skills and passion for product.

Ken Norton sums it up: "When I learn something from a candidate, I know two things: (1) they're not afraid to speak critically, and (2) they're probably smarter than me. I want both in a product manager."

CLOSE THE DEAL

Innovative people want to work with other innovative, creative people. To attract the best, you must be the best and be able to demonstrate that you are a company people want to work for. Use the people on your team as shining examples of the culture someone would want to be immersed in.

Be sure to publicize concrete examples of impressive products you have created and provide a breakdown of how they evolved. Be transparent about your company culture and the types of challenges product people will face.

Hiring the perfect product team member can be a complex process. It is a critically important role that needs to be defined specifically for your company. From the start, be clear about who your ideal candidate is and refer back to these attributes throughout the hiring process. [PM](#)

ABOUT THE AUTHOR

Anuraag Verma is the head of business development at Alpha, an on-demand user insights platform for product and innovation teams. Anuraag has successfully launched new businesses and products across four continents, and his diverse career spans engineering, consulting, technology, education and not-for-profit. He has facilitated hundreds of workshops for senior executives at companies including General Electric, American Express, Staples, Danone and Pearson. You can connect with him at alphahq.com.

INTERVIEW QUESTIONS TO ASK

Cindy Alvarez, author of *Lean Customer Development: Building Products Your Customers Will Buy*, suggests asking the following interview questions to test how well candidates think on their feet. ▼

1 Your product is just about to hit code freeze, but the sales team has gotten feedback that one of the company's most important customers won't buy it unless you add feature X. Talk through the process for understanding your options.

2 You're reviewing product functional requirements with the engineering team, and they tell you that developing feature Y is not possible. How do you respond?

3 You discovered a bug in a product that has been deployed to an enterprise customer. QA tells you the bug is an edge case—at most, it will affect 1 percent of users, probably less—but for those it does impact, it will be an extremely negative user experience. Take 10 minutes to compose an email response.



CULTIVATING THE RIGHT CUSTOMERS

BY JESUS RAMIREZ

Why Segmentation Is Key to a Successful Product Launch

PRODUCT MANAGEMENT, MARKETING AND DEVELOPMENT teams are getting more in tune with the needs of customers and potential buyers than ever before. When executed correctly, this results in better products, more successful launches and faster adoption. But while more companies are taking the time to get to know their customers, many are not using collected feedback as effectively as possible.

The breakdown is not because of a lack of skill in gathering and applying data, but because that data is too broad. Data and information gathering is either being generalized or recycled. It lacks insight and the rich context needed to properly assess a market and make product decisions.

A misfire in customer segmentation could mean the difference between a product failure and success. Broad markets need to be divided into subsets of consumers or businesses with common needs, interests or priorities, and then specific strategies to target them developed around that data.

Focusing on the wrong customer is a complete waste of time. It will lead to a product that has little or no utility or appeal for those it was intended for, and ultimately it results in an expensive and lackluster launch.

Truly understanding whom you should be building for will help reduce the complexity and scope of the first version of your product. This will enable your team to get to market quicker and help reduce cost and risk. Focusing on the right customer segments—the customers who have the greatest need and demand

for your product—will streamline acquisition and drastically increase traction. Just as the right soil will help seeds sprout more quickly and produce healthier crops, proper segmentation will do the same for product launches.

CULTIVATING ORGANICALLY

Many product teams already take time to understand their customers at a surface level, by pushing surveys, reviewing product analytics and feature requests, but how do you dig deeper to create more insightful segments? It starts by spending time with potential customers and users. Pragmatic marketers have an acronym for this: NIHITO (nothing important happens in the office).

Surveys have their place, but to gain rich, meaningful “ah-ha!” insights, you have to open the dialogue with everyone from potential buyers to early adopters. Getting to know your market helps you understand the nuances and subtleties of their needs, which will help you develop important distinctions about what they care about and how they’ll use your product. As you move through testing the pains and gains, then products and features, and finally willingness to pay, take note of the attributes of these users. Age, gender, education level and income level are straightforward things to consider. Less obvious, but even more important: What critical problems do these users have or what challenges do they face on a daily basis? Are they technical or nontechnical? Early adopters or followers? Luxury shoppers or frugal consumers? Do they use your product in different

environments or settings?

For enterprise products, important attributes to consider include company and team size, key business goals, vertical, spending budget and revenue. Also, is the customer product- or service-based? Multi or single location? Finally, what is the price of the product or service they are selling?

This is not an extensive list of attributes, and your team will need to determine the important ones for your particular product. But creating this list is a critical step in starting to segment, and, ultimately, to prioritize your customers.

Once you've segmented your customers, you can begin prioritizing these segments using relevant business criteria, such as:

- **Product need/demand**—Which users have the highest demand for your product? Why? Are there users that can't do their job without your product vs. users that simply benefit from it?
- **Market size/opportunity**—How many potential customers exist in the market? How many customers are there in the smaller segments? For example, you may have an app that helps all SMBs (small-medium businesses), but discover that restaurants in the U.S. far outweigh dry-cleaning businesses.
- **Ease of acquisition**—Can you clearly identify the channels you'll use to acquire them? Again, while restaurants represent a huge market, maybe they are harder to reach than plumbers and photographers who naturally promote themselves online.
- **Sales cycle**—How many touch points does it take to win them over? How many stakeholders are involved in a buying decision?
- **Potential value to product/platform**—Are they early adopters, sharers or potential brand advocates? Do they have a large budget or spending appetite? For example, some companies have targeted influential adopters and given their product away for free because they know they will share it with others. It's important that you find your own early adopters.

Before wasting time building products or features customers don't care about—or even marketing to the wrong subset—take time to segment based on these values. The data will help uncover potential untapped or underutilized segments and may even help you sidestep a potential product dud.

NURTURING ALIGNMENT

For anyone involved in product development and launch, you know how challenging it can be to align teams around one direction—no matter how large or small the team is. Having validated data about your assumptions helps ensure the team makes decisions based on facts rather than on ego, opinion or generalized data.

This approach ensures that during development the features

prioritized are those that satisfy the core needs of ideal customer segments. Second-tier features can be parked until a later version or may be scrapped entirely. This not only reduces time to market and overall investment, but enables you to start testing the actual product sooner, and ultimately to generate revenue sooner.

FERTILIZING FOR IMMEDIATE IMPACT

Data from customer segments will also impact the product's branding and messaging. Whether it's a consumer or enterprise app, users are growing accustomed to, and demanding, relevant and personalized messaging in the products they use.

Let's take a fitness app. Without segmenting and prioritizing your users, you may struggle to find the right voice and tone that resonates with three distinct segments: hardcore triathletes, casual weekend runners and new mothers trying to get back into shape. Hardcore athletes may want harsher, more cut-and-dried instructions, while casual athletes may want friendlier, more laid-back and even funnier encouragement.

Whatever it may be, understanding the various segments will help your team develop a story (and give the app a personality) that will resonate with ideal customers. Baking this into the product through branding, features and messaging will support not only acquisition, but also retention and engagement.

Sales and marketing can use customer segmentation data to create more effective marketing campaigns and sales collateral. The marketing team gains invaluable insights into customer characteristics and behaviors that allows them to identify which channels to penetrate, strategies to execute on and the marketing messages that will more effectively attract users. Together, the sales and marketing teams can work cohesively to build the right messaging to get past gatekeepers, talk to decision-makers and answer questions.

Yes, proper customer segmentation takes time, but product teams are in it for the long haul. We all want to create winning products that have longevity in the market, and that begins with creating the right foundation. Segmentation is the key to building for—and targeting—the right customer and to cultivating a lasting relationship. [PM](#)

ABOUT THE AUTHOR

Jesus Ramirez is a partner and vice president of product at Tallwave and an advisor at Tallwave Capital. He helps founders and product managers hone their products' launch and growth strategies. Prior to Tallwave, Jesus spent more than eight years in product leadership roles, leading teams at Zazzle and DrFirst, as well as working with numerous startups as a consultant and advisor. He earned a B.S. in product design from Stanford University. Connect with Jesus on LinkedIn at [linkedin.com/in/zeusrz](https://www.linkedin.com/in/zeusrz).

WITHOUT SEGMENTING,
YOU MAY STRUGGLE TO
FIND THE RIGHT VOICE AND
TONE THAT RESONATES
WITH DISTINCT SEGMENTS





BY SHEILA KLOEFKORN

IT'S NO SECRET THAT SOCIAL MEDIA HAS BECOME a crowded space. With advertisements always popping up in our news feeds, major brands competing for our attention and what seems like endless posts from over-sharing social media “friends,” it seems as if there’s practically no space left for anything meaningful.

Yet in order to remain competitive, today’s marketers must continue to find ways to stand out from the crowd, especially because social media use among businesses and consumers continues to skyrocket, and it doesn’t appear to be slowing down anytime soon.

The proof can be seen in the statistics: Social media use has seen a nearly tenfold jump over the past decade. According to the Pew Research Center, approximately two-thirds of American adults used social networking sites in 2015, up from 7 percent when the

research center began tracking social media usage back in 2005.

So what’s the key to rising above the noise when it comes to your company’s social media channels? For starters, concentrate on organic growth tactics, a strategy that can help you build momentum and value for the long term.

ORGANIC VS. PAID SOCIAL MEDIA

Unclear about the definition of organic versus paid social media? Ultimately, organic social media is about quality, not quantity. Yes, you might be able to quickly recruit 300 new followers via paid social media methods like buying ads on Facebook or Twitter, but if they aren’t engaged, they really don’t matter.

Organic reach stands for the number of unique users who have seen your content through unpaid distribution. The number includes both people who have

interacted with your content, (i.e., they liked, tweeted, re-shared or commented) and the people who have discovered your content via other users’ actions. Think of organic as the ripple effect. When you skip a stone (your social media post) on a pond, you can see the ripples grow into bigger circles as the stone skips across the water.

When used correctly, social media is the most direct, personal and easily accessible way a company can truly connect and foster relationships with followers. With an organic social media approach, companies benefit by having real, honest conversations with customers who have a better chance of becoming lifelong, loyal fans.

BEST PRACTICES: ORGANICALLY GROWING YOUR SOCIAL MEDIA COMMUNITIES

It may sound obvious, but the point



YOU CAN TWEET TO SOMEONE ALL DAY, BUT UNTIL YOU ACTUALLY SPEAK TO THEM, YOU DON'T TRULY HAVE AN UNDERSTANDING OF THEIR PERSONALITY.

of social media is to be social. Brands should be actively engaging and interacting with the individuals and companies following them via social media sites like LinkedIn, Google Plus, Twitter, Facebook, Instagram or Pinterest. How can this be accomplished? Ask questions, answer questions and leave comments. These are all positive ways to engage. And people will likely follow you because you're engaging with them on a deeper level. The key is to post relevant, educational content associated with your industry, products or services. Remember, you want to be seen as an industry expert.

Finally, no one wants to experience significant churn. By growing your company's following organically, you will engage and connect with users who are less likely to stop following you. Think of it this way—before sending a request, ask yourself: Does this company or person have an issue my company can resolve? Would they be interested in my solutions? Do they relate to anything about my company or industry? If your answer is “yes” to most of these questions, they are likely to accept your request.

WHERE DO I START?

Growing your social media accounts one relationship at a time can be more time-consuming than paid methods. However, for marketers who truly understand the value in this type of organic growth, the ultimate rewards are plentiful and long-lasting.

Here are a few of the many ways you can start to build organically via social media marketing.

Truly engage. Don't just talk to talk. Engaging with your social media audience means a number of things, all of which digital marketers have been trying to better understand for years. To make it easier, break the concept down into simpler terms: To truly engage means to align with the interests of your followers. In some cases, this may mean sharing amusing images or compelling video. In other scenarios, it may require sharing comprehensive research and studies boasting measurable

results. Once you establish a following—even if it's small at the start—it means to support and share your followers' content, to respond to their comments and to help them with their needs. To truly engage in social media is similar to having a real, face-to-face discussion with a lead and taking time to listen to what is important to them.

Be consistent. One of the best ways to organically grow a LinkedIn, Twitter or Facebook account is to remain consistent. Stick to a posting schedule and decide what should (and shouldn't) be shared on the account. Take the time to think about it thoroughly. You should have a vision for these accounts before you get started. For example, random and unrelated images will not get much attention and will make a company's social media page look unprofessional. Keep everything consistent and always have your brand's target audience in mind.

Make social media customer service a top priority. In social media, your customers are literally at your fingertips. You have the opportunity to impress them every day via social media. Any messages on LinkedIn can and should be responded to immediately. Want to really make an impression? Reach out to those who follow you on Twitter, those who like you on Facebook, and send them a “Happy Birthday” message or recognize something they have achieved. It can be helpful to relate based on interests that go beyond a purely professional focus, so be sure to brainstorm ideas that align with their personal interests.

Create real-life relationships. Why not take some of your social connections to a more meaningful place? Whether this means on the phone, on Google Hangouts, in a physical coffee shop or even in your office conference room, make it happen. Remember, you can tweet to someone all day, but until you actually speak to them, you don't truly have an understanding of their exact agenda or personality. Even a 10-minute phone introduction can create a start to a fantastic, working relationship.

At the end of the day, organic social media is about connecting with people, not just playing the number of followers game. It's about segmenting your influencers and advocates and building genuine relationships with them by engaging with their posts and content. And in social media, as in any other area of digital marketing, the best measure of success is not how big your network is, but how qualified. [PM](#)

ABOUT THE AUTHOR

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EMBRACING INORGANIC GROWTH

BY FRANK TAIT

MANY BUSINESSES WITH HIGH VALUATIONS GROW through a blend of organic growth and inorganic growth. The key is to find the right balance for your business and the markets that you serve and the right synergies with your acquisition targets.

The approach you use for organic growth can also apply to inorganic growth. Start with the market problem and market definition, which are the same regardless of growth type. Make sure to gain a clear definition of market segmentation and an understanding of buyer personas, including the business value these buyer personas will achieve by solving their problems.

It's also important to understand the distinctive competencies of your company and those of your acquisition target. This information will be crucial in determining how to address post-close business integration.

The acquisition will bring customers, products, intellectual property and talent. You'll need to evaluate each of these competencies separately.

CUSTOMERS

You need a good sense of your cost to acquire a customer (CAC) and then compare the acquisition cost to the cost of winning and retaining these customers in the market. The target company's relationship with its customers is also critical (and tends to reflect the level of talent too).

PRODUCTS

It's important to assess how well the products solve market problems. Many target companies are not aware of the Pragmatic Marketing model and don't have anything like marketecture, which maps up problems to features. But if you plan to continue selling a product, you'll need to quickly build out the marketecture as a prerequisite for marketing and sales planning.

INTELLECTUAL PROPERTY

Intellectual property acquisition—such as patents, copyrights and access to relationships that facilitate sales—tends to be pretty straightforward, but you'll want to be clear about what you're getting and the implications.

TALENT

Talent is the acquisition wild card. People do business with people, and key industry and customer relationships are often dependent on individuals. Assessing the right people to retain is a combination of science and art that needs its own book. But it is essential to retain industry, domain, customer and product knowledge.

While all acquisitions at their core involve one business taking over another, there are often distinctly different strategic reasons behind the transition.

Complementary extensions are a fertile field for companies just starting out with inorganic growth. These acquisitions allow you to leverage the knowledge of your current market and buyer personas by looking for companies that sell products to buyer personas in your market. From a product management perspective, this is similar to the plan and business case you would make to build a new product.

You will get a good sense of which other companies address your buyers' problems simply by asking them. Another way to identify targets is to look at your integration partners or your backlog of requests to integrate with other solution providers.

Also, to leverage your current investments, look



for products that fit your existing go-to-market strategy. A comparable technology stack is another important consideration. And you cannot overestimate the importance of company culture, because compatible cultures provide the foundation for successful acquisitions.

You will want to prioritize potential acquisition targets using the same criteria you use to prioritize your product roadmap to determine the best fit to solve the market problems. Once you have identified your target, calculate the total addressable market (TAM) using a method that's consistent with your primary product. Because the diligence and negotiation process can take as much effort in smaller acquisitions as in larger ones, look for businesses with TAMs that materially increase your company's overall TAM.

With **roll-ups**, you remove capacity from a market by acquiring a competitor that sells similar solutions to yours in that market. In addition to the items in the complementary



COMPANIES TEND TO HAVE REGIONAL STRENGTHS; TERRITORIAL IMPACT MAY BE DISPROPORTIONATE.

extension category, roll-ups have several interesting implications to consider. A roll-up implies that you plan to migrate your acquired company's customers onto your product. In effect, this is like a big sale. (Doing an acquisition where you intend to continue selling the acquired company's products is treated like a complementary extension.)

From a product management perspective, this is similar to the plan and business case you make to implement a rapid-growth strategy for a current product. However, there are some additional factors. You need to balance the acquisition cost against the cost of competing for—and winning—the business from the competitor, along with the time-value of money.

It is important to understand how many of the target's customers are already in your sales pipeline, particularly if the deals are in your financial forecast. This may result in reworking not only your forecasts, but your sales quotas. Be sure to look at individual sales territories, because companies tend to have regional strengths, and the impact may be disproportionate.

The migration strategy is critical for these acquisitions. You need to have a plan that discourages these customers from being poached by competitors while you transition them onto your

products. Speed of migration and any seasonality of the business are factors here. A reasonable plan gets a customer migrated in less time and effort than if you implemented that customer from a regular sales win; otherwise, it may not be a good deal.

New area acquisitions are some of the most challenging because you are entering markets where you have little or no presence. These might include new markets or geographies with similar buyer personas or new product areas with new buyer personas within your current market and geography. For example, a new market could be a software company that is expanding from a historical focus on higher education into water and gas billing for public utilities. A new geography might entail expanding from the United States into the European Union. And a new product area could involve expanding from human resources into payroll.

In each of these, talent retention is critical. You don't know what you don't know, and you need the acquired company's team to be successful to ensure that you reach your growth targets.

Of these scenarios, the easiest to implement is the new buyer persona within your current market and geography. Look for businesses that are adjacent to yours and where your existing buyer persona could be a key influencer on the buyer persona of the acquired company. (Keep in mind that new markets and new geographies are advanced acquisition approaches that should be attempted only after you refine your process with a couple of more straightforward acquisitions.)

Implementing successful acquisitions requires a comprehensive, well-thought-out plan. As part of our onboarding and acculturation process, whenever my companies lead acquisitions, we ensure that key management personnel and all product management employees attend Pragmatic Marketing's *Foundations* and *Focus* classes. We do this within the first 90 days; it's one of the initial steps we take to introduce new employees to our common language and processes. And it ensures that we are better aligned for strategy and growth. It's a tangible statement about the value we place on investing in people and the importance of the Pragmatic Marketing model in our business.

Remember, acquisitions are measured in years. They begin with the targeting process and continue for several years after the close, until the acquired company is thoroughly blended into your operations. When you execute on the fundamentals laid out in the Pragmatic Marketing Framework, you will lay the foundation for the success of your organic and inorganic growth. **PM**

ABOUT THE AUTHOR

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Where's My Data?

Crafting a Robust Product Data Strategy

BY MICHAEL PEACH

IN THEIR SEMINAL ARTICLE ON PRODUCT MANAGEMENT, *Good Product Manager, Bad Product Manager*, Ben Horowitz and David Weiden argue that product managers should be top-level leaders who set the vision and are ultimately accountable for their product's success or failure. In essence, they should be CEOs of their products. Almost 20 years after it was written, it's remarkable that their argument remains relevant in an industry defined by constant change.

In reviewing the role of product manager as mini CEO, the role of data in decision and strategy support naturally surfaces. New digital technologies throw off huge volumes of data that increasingly underpin key planning and decision-making functions. In fact, 89 percent of U.S. respondents to PwC's 2015 CEO survey said that new digital technologies created "very high" value through data and data analytics.

But what about product managers? While companies have created standardized dashboards and tools for financial, operational and marketing functions, they have lagged in instrumentation for the products themselves. This leaves product managers at a relative disadvantage to the C-suite and fails to adequately capture a tremendously valuable source of data.

Many product teams rely on web analytics for information about their users. However, these tools aren't optimized for registered, logged-in users interacting with a full-fledged software product, especially one built around increasingly popular single-page UX designs. They need to understand how users interact with specific features and to map complex user paths through the application. Attempting to contort a tool that's designed for mapping anonymous visits and optimizing sales funnels to meet a product manager's needs is a difficult task and often results in suboptimal measurements.

To function as the CEO of their product and team, product managers must have a data strategy that meets their needs. They need to take charge of this strategy and ensure that their applications capture the data they need.

Events: The Building Blocks of Product Data

Before diving into specific measures, it's worth spending a few moments talking through the basic foundation of product data: events. An event is an action that a user does in an application. An individual event has several aspects: the action itself, the user who initiates the action, and the date and time that it occurs. For example, a URL page load (something that a web analytics package would track) is an event, but so are more granular actions like following a link or clicking on a page element. These basic events and their associated attributes are rolled up and analyzed to arrive at the key measures discussed in this article. As a part of any data strategy implementation, product teams must ensure that they can accurately capture these events in totality.

Key Product Metrics

So, what should product managers measure and how is it different from other key performance indicators deployed in the enterprise? These five key factors can provide unique insight into a product's health.

Factor 1: Breadth of Usage

The simple way to think of breadth of usage is to answer the question, "How many users do I have?" But in reality, it's more involved than that. Product teams should first benchmark their total users based on the size of their target market and then filter based on active users, not registered users. What constitutes an active user can vary depending on the application; and a product team must define what an active user means to them. At a minimum, there should be some sort of activity at least every 30 days.

It's also important to consider the distinction between users and customers. For many SaaS companies, a single customer account will have multiple associated users. Product teams will want to measure breadth at the user and customer levels, and within customers as well.

Factor 2: Frequency of Use

Frequency of use goes hand-in-hand with breadth and focuses on how often and how long users engage with a product. Product teams should look at the average number of sessions within a given time frame and the average duration



of each session. Combined, breadth and frequency provide a clear view of a product's total use. A wide range of active users indicates an engaging experience that delivers differentiated value to a target audience.

These measures should be reviewed for the total user base, but it can be helpful to apply the same analysis to user segments. For example, the usage levels for premium versus basic subscribers—or across different user roles—are important cases that should be considered along with an overall measurement.

Factor 3: Depth of Use

Conceptually, this is a relatively simple measurement:

What percentage of application features get used within a specified time frame? However, in practice it can be a bit more complex and difficult to capture. Obviously, every user is not going to use every feature in an application. For effective measurement, product teams should look to first define their key features, the ones that make up the product's core functions or are heavily used by happy customers.

Next, the feature measurements should be defined. Product teams need to identify which sequence or group of events constitute their key features and then aggregate the measurements accordingly. This factor is a strong measure of the value users receive from a product. If the majority of users only use a small subset of key features, that's an obvious concern. However, even if the key features are widely used, groups of features that get little or no use could represent poorly used development resources and an opportunity to reprioritize projects.

Possibly an even bigger concern is when different users exclusively use different feature subsets. This can indicate a product without a strong core identity or value proposition. It's often helpful to apply the same types of segment analysis to this factor, along with breadth and frequency measurements.

Factor 4: Efficiency of User Actions

How difficult is it for users to complete common tasks in an application? For example, think of adding a new vendor in a procurement application or posting a job requisition in a recruiting application. A common task represents a core function within the application and typically comprises several application features used in a specific sequence. To measure efficiency, product teams should look at the total number of

users who begin a task and see what percentage successfully complete it.

This measure can augment user testing and help show the usability of key product functions. Understanding that some applications are necessarily more complex than others, product teams should still focus on driving high completion rates for the application's core tasks. Looking at each step can help identify which specific feature causes users to bounce out of a process and identify areas for improvement.

Factor 5: Satisfaction and Qualitative Feedback

Satisfaction and qualitative feedback may seem odd to include, because by definition, qualitative feedback isn't analytical.

However, this is a significant source of insight for product teams that should be included in any evaluation of a product's health.

Aggregating user events can give a clear picture of what users are doing in an application, but not necessarily why. Soliciting direct, open-ended feedback from users through polling or user testing can provide critical context to observed behaviors.

Qualitative feedback, whether through a standardized measure like net promoter scores or another mechanism, can provide an overall user-satisfaction rating that is a key indicator of growth potential. Product teams should always include this information as a part of any product data strategy.



When making strategic decisions, these five factors help provide a clear, detailed view of application health. They help prioritize roadmap decisions, identify break points in the user experience, and understand the behaviors of the highest-value and most satisfied users (who are not always one and the same). Most importantly, at this level, product data provides a consistent baseline of valuable information that product managers and their extended teams can use to support product decisions. By creating and incorporating a data strategy, product managers can set their vision to successfully function as the CEO not only of their products, but also of their teams. **PM**

About the Author

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A Product Manager's Worst NIGHTMARE

BY DANIEL ELIZALDE

A FAILED LAUNCH IS THAT TERRIBLE SITUATION in which your product starts breaking or misbehaving as soon as it is launched into production. You and your team have spent the past few months planning and executing on the requirements, but the day you launch to production, something goes wrong.

Users can't access the software. Errors appear all over the place. The site is non-responsive. And this is all happening while your marketing team is working at full steam letting the world know about your grand new product release. It is product management's worst nightmare.

The good news: With strategy, planning, hard work and a bit of good luck, you can avoid these failed situations.

Define an MVP that Fits Realistically into Your Timeframe

In any product release, no matter how low or high the stakes, it is important to have a clear understanding of the requirements and to propose a MVP (minimum viable product) that is doable within that time frame. It's better to release something that has limited functionality but is very stable than to release extra bells and whistles at the expense of reliability.

Imagine that the product you've been working on for months or years implodes on its first day of life—product management's worst nightmare. Unfortunately, this story happens too often in the software world. Here's what you can do to prevent it.

Remember that software is always a work in progress. The only certainty after a successful version 1.0 release party is that the following Monday, you're back to work on version 1.1.

Be Realistic About Your Team's Capabilities

As you create the product roadmap and pitch it to executives, it is important to be honest about the capabilities of your team. We often fall prey to the halo effect and believe that since we have a great team of back-end developers, they can tackle any other area, such as mobile, UI, etc. However, software disciplines are very specialized these days. For example, in SaaS software teams, it's common to find specialists for services, database, networking, front end, security and mobile.

Make sure you work with engineering leaders to understand what it will take to build the product. If your product is complex, needs high availability or has tight deadlines, be realistic about whether your existing team is sufficient to meet those needs. You might need to change scope or convince the executive team to hire the resources you need. Otherwise, it'll be almost impossible to deliver on the product promise you are making.



Product management must understand the impact to customers when their product is down ...

Don't Forget to Include a Project Manager

Agile zealots might not agree with the idea of having a project manager. After all, the product owner should be able to handle it all, right? I don't think so. This approach might work for small products with a handful of developers, but when the scope grows, this model doesn't hold.

Complex products will have multiple teams working on related items, and there need to be people dedicated to making sure everything fits together. Scrum of scrums can help, but in my experience it is better to have people dedicated to tracking progress and timelines and making sure everything is advancing in the right way. This need is accentuated if your product includes both hardware and software.

A strong project manager can own the day-to-day operations, keep track of the goals vs. the schedule, and keep everybody on the same page: vendors, engineering and other departments. This person can be the central point of communication for reporting status and risks.

A note of caution: The fact that product managers often have a project background doesn't mean we should take on both roles at the same time. The more we can offload those responsibilities to a dedicated project manager, the more risk we mitigate and the more time we'll have to focus on key product needs. If you find yourself doing more project than product management, you are probably not adding all the value you could be.

Agile Development Can Reduce Risk

Agile provides a framework for minimizing risk by implementing iterations that produce working software. It is not a silver bullet, but it can help a lot. It provides us with a framework for continuous improvement, one sprint at a time.

Each iteration is self-contained, meaning that it includes design, development and testing. Therefore, the code on every single iteration is tested to ensure it meets the desired levels of quality.

As part of the testing strategy, the QA team should develop unit tests, perform regression testing and build a

comprehensive automated framework to validate all the use cases defined by product management. There will always be some manual testing on every iteration, but the better the automated coverage, the better the chances of success.

Now, making sure the development team implements the right delivery processes is not the responsibility of the product team. It is the responsibility of the delivery team, and their engineering leaders, to make sure that their execution process yields good results. But in many companies, especially at small startups, these processes are often not in place.

Since the product launch is your responsibility, do some investigation to ensure all the right processes are in place. If they are not, then it is okay to start conversations with development leaders and begin shepherding the creation of those processes. Otherwise, your chances of success will be greatly diminished.

Plan for Performance and Stress Testing

Product management must understand the impact to customers when their product is down. For example, if my system fails, will businesses cease to operate? Will electricity go down? Will people's lives be in danger? The bigger the impact, the more you have to plan for performance and stress testing.

You also need to understand your audience and the overall usage of your product. This understanding should be part of the product requirements. You should be able to answer questions like:

- Will we have 100 or 100,000 concurrent users?
- Which times of day are more likely to have peak usage?
- What redundancy and elasticity specifications does the product need in order to meet demand at peak times?

Understanding the constraints is the first step. The next one is to come up with a plan to test them and ensure you'll be ready to handle them when they occur. Make sure to have some projections on how your adoption will grow and how your infrastructure needs to scale in order to meet that demand. Chances are you'll be way off, but you need to start somewhere.



To ensure this planning for performance and stress testing gets done, it should be part of your standard process, and not a one-off exercise. Performance testing must be done in every sprint, and it should be done in an environment similar to the real world. Anything less and you risk maxing out your website very fast. The performance team should have their own stories in the backlog and should have deliverables for each sprint. Additionally, I recommend doing end-to-end performance testing several times before the release. Which brings me to my next point ...

Allocate Time for Integration Testing

Even though agile promotes creating production-ready code on every sprint, the reality is that it is hard to get there. If you have a big development team, each agile pod might be able to test their part of the code, but there is no guarantee that everything will work flawlessly when you merge the code of hundreds of developers.

To mitigate this risk, put aside at least one sprint for integration testing and stabilization before every major release. The goal of this sprint is to stabilize the system and get it ready for production. No new features will be developed during this sprint.

On top of the technical challenges associated with integration testing, be prepared to convince your executive team that no new features are going into the product during that final sprint. They might not be happy, but it's our job to educate them on the process and help them understand that in the end, this effort will benefit the product, the users and the company.

Communicate Delays

Let's face it. Delays happen. Building complex products is hard, and it is not an exact science. Many things might come up, and delays are likely to occur.

When faced with a delay or any other roadblock, it's imperative to have open communication with the executive team. Sponsors need to have timely access to information so they can make decisions that might affect the whole company (not only your product).

Take advantage of agile and use the end of each sprint to inform your executive team about the progress—and more importantly, about whether the product is on track to meet the deadlines you agreed upon.

It's Better to Delay than to Implode

If, after all these precautions, you realize that your product still won't be "ready" by the deadline, then you need to make

a decision: to push the release out further or to cut scope to ensure that at least something is released. Notice that I say "ready" in quotes, meaning that it's up to you, along with your team, to determine what ready means. You can play with the scope and with the timelines, but I do not recommend playing with quality as a variable to meet a deadline. That's how your worst nightmares become a reality.

I'm not saying that delaying is easy, but it might be less expensive than pushing forward with a faulty product. To make these decisions, it's important to understand both the technical and business side of your company, so you can understand the impact even before you make the recommendation to your executive team.

A good example of managing a delay comes from *Gran Turismo*, the best-selling car-racing game in history. The release of version 5 was delayed for a couple of years due to "executive decisions" because they believed the game was not ready to meet expectations. In the meantime, the company released a reduced version called *Prologue* to keep the fans engaged while they worked on the final product.

The approach worked. Although Microsoft and others launched competing products during the wait period, the launch of *Gran Turismo 5* was a huge success, in part due to the credibility they maintained with their audience and the fact that when the product came out, it truly delivered on its promise. Not all companies have this luxury, but it's worth considering whether there might be some middle ground.

At the end of the day, it's product management's responsibility to bring the

product to light. Failure to launch can be a disaster not only for your company, but also for your career as head of the product. Luckily, many of the risks can be mitigated with good planning, foresight and great communication. [PM](#)

This article originally appeared as a guest post on [MindTheProduct.com](#).



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How One Executive's New Product Ignited Revenue Growth

BY GREG ALEXANDER

AS THE CEO OF SALES BENCHMARK INDEX (SBI), I work with a lot of great clients to help them achieve sales success at their companies. One such client, Marc Osofsky, the senior vice president and general manager at Lionbridge Technologies, faced a unique challenge. He was tasked with growing revenue by bringing a new product to market at the \$600-million public company and global leader in translation services.

He did this by developing Lionbridge On Demand, the industry's first e-commerce solution for translation services of all content types. He built an entirely new go-to-market model for the innovative product that blended inside sales and e-commerce. And he was able to build a predictive sales model and grow revenues a staggering 500 percent.

This was no easy task. But it's one many product leaders face. Marc shared his experience with SBI, providing insight into how he reinvented himself, ignited revenue growth through a new product and became the fastest-growing division in the organization.



Finding the Opportunity

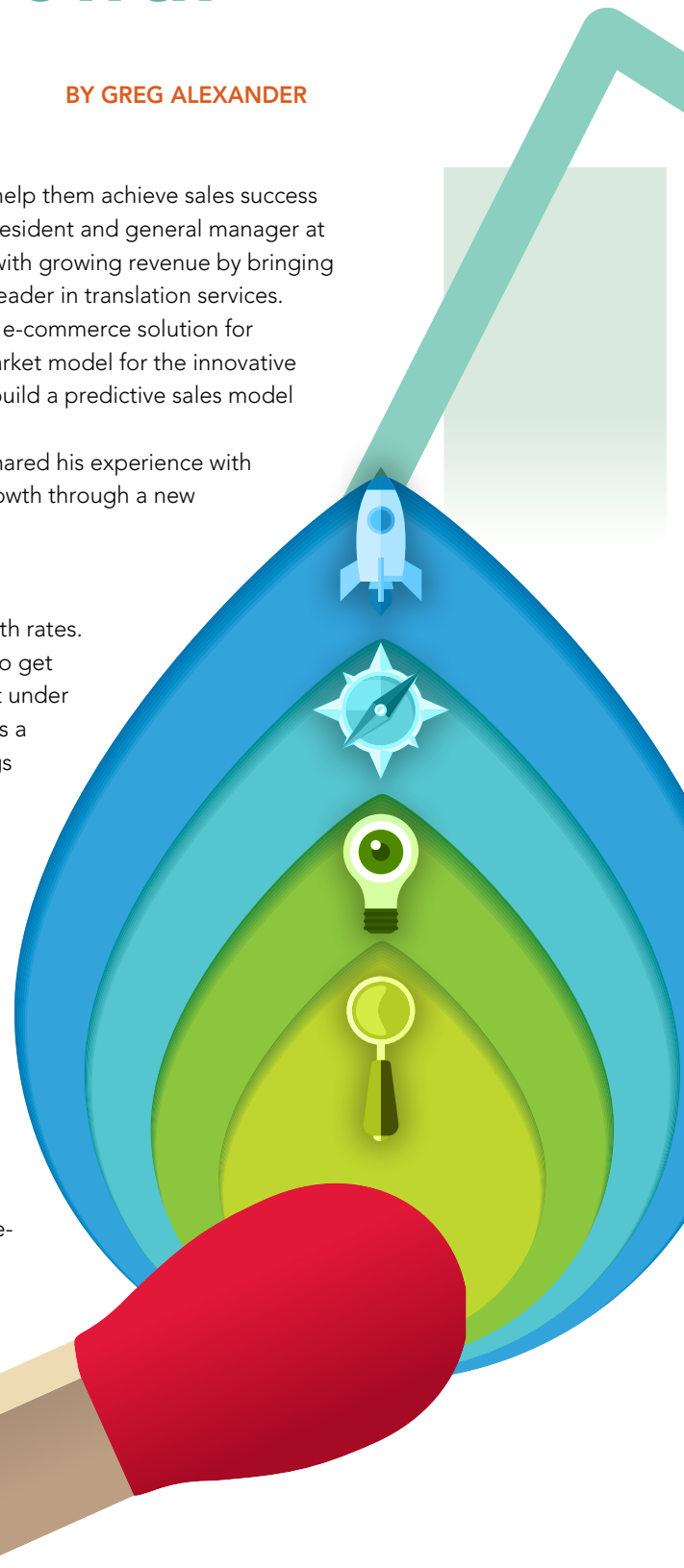
To begin, Marc looked at the size of the overall market and growth rates. "My bias is always to look for change," he explained. "It is hard to get someone to buy a new product when everything's going fine; they're not under any pressure to change, and there's not really an underlying driver. That's a tough situation: to try to have a knife fight and get people to throw things out." He paid attention to behavioral changes in the marketplace. What were the buyers doing differently? And how could he use this to his advantage? Once he located the opportunity and recognized behavioral changes, he had to determine if he could win. It was important to test before fully investing.



Turning the Vision into Reality

After locating a hidden growth opportunity, Marc's next step was to collaborate with his CEO and build an entirely new business within the organization. Because Lionbridge is an established, mature company, this innovation caused concern in some quarters. But Marc overcame these concerns by addressing them in stages. "Not only was it a new business model, it challenged our existing model," Marc said. "It was a stage gate process. I didn't try to go in with some huge five-year plan asking for a massive amount of money. I went in with a pilot."

Once he created buy-in, he secured enough funding to create a minimal viable product. It was the smallest amount of investment needed to get the product to market and start selling. He started with smaller clients and projects. And he kept moving upward as more success occurred.





Building a Roadmap

As the initiative progressed, every piece of the roadmap was designed to do one thing: make it easier for customers to accomplish their objectives. Lionbridge avoided the waterfall approach used by many large companies, instead opting for an agile approach that allowed them to create the product quickly with minimal development effort. “That was a key to our success, especially early on,” Marc explained. “We got to market quickly and avoided letting a big company, with all its interested parties, put too much weight on something and crush it.”

The next step was pricing. Marc knew he wanted to simplify the pricing model, so he used a single flat price that allowed for instant quotes. He also made sure that every customer would buy the same product. He combined the revenue and cost into a single bucket and built the pricing from there. It was an efficient way to manage the economics and allowed him to think about pricing from a product perspective rather than from a client perspective.



Ready to Launch

Once Marc realized he had a working product, he prepared for launch. “If you look at our mix between sales and marketing, we took much more of a sales-heavy model and built the sales team first,” he explained. But it was challenging to create and get funding for a predictable revenue model with all new sales hires. A new model requires proof. As a result, the first year was focused on capturing performance metrics and building a ramp curve for revenue.

Marc’s hiring profile was another key to his success. He understood the type of sales rep that would be most successful in his new model and hired to that profile. New hires went through an intensive two-week process to learn how to be successful. The goal was to ensure that they could communicate the core message and handle any objections that came their way. Immediately following training, reps were

on the phone selling. No time was wasted.

New hires had three months to generate a positive cash flow. Then their monthly quota grew 10 percent each month. This was positioned as a wave that the reps had to stay in front of. If that wave caught up to them, they were required to participate in a plan to help turn things around. Using that approach, Marc built a model and demonstrated that it could be predictable based on his early results. This gave him the confidence to go in with a 40- to 50-person hiring plan and build out the rest of his team.

Takeaways

The first step to accelerating revenue growth in a new market with a new product is to find the change. “If you’re trying to bring a new product to market, there’s got to be some underlying change that’s forcing buyers to look for something different, that’s forcing buyers to feel pain, and that’s causing them to want to look into the marketplace for better solutions,” Marc said.

He also recommends finding repeatability. This is more about sales and marketing than the product itself. If the product concept is right, the roadmap becomes pretty clear. But now you’ve got to execute and get the product to market. There are several key questions to ask yourself at this stage. What are the sales channels? How will you sell the product? What is the average sales size? You need to build a scalable model. Because once you’ve got the product, and repeatability, it’s all about having the confidence to scale.

Entering new markets with new products in pursuit of revenue growth is hard to do. Marc was able to be successful at Lionbridge by using a well-thought-out strategy. This sounds simple, but don’t confuse simple with easy. Without a documented strategy, Marc would not have been able to build his new division, which is now at \$100 million in revenue and still growing. **PM**



About the Author

Greg Alexander leads Sales Benchmark Index’s (SBI) focus on the CEO’s role in accelerating revenue growth by getting the product team, marketing department and sales organization into strategic alignment. He is the host of The SBI Podcast and SBI TV. Greg is also the editor-in-chief of *The SBI Magazine*, the leading B2B publication focused on sales and marketing effectiveness. He is the author of two critically acclaimed books: *Topgrading for Sales* and *Making the Number*. Greg graduated from University of Massachusetts Amherst with a B.A. in English and received his MBA from Georgia Tech.

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SELLING:

It Takes an Ecosystem

BY SCOTT SALKIN

THE BUSINESS OF SELLING TECHNOLOGY SOLUTIONS—whether hardware, software or a service—is at a strange intersection; there’s constant curiosity about new trends, yet staunch reluctance to try any new sales strategies. Product teams, marketers, sellers and senior executives are keenly aware that the consumer landscape has undergone a complete overhaul. Yet many of the approaches to reach prospects and customers remain the same.

Consumers are the new experts. They know your products, or at least your industry, better than they get credit for. And if they don’t, they can turn to more options than ever for advice. They also know when they’re being mass-marketed to, when a rep is trying the latest tactic on them, and when genuine, experience-driven value is being provided. Yes, these savvy buyers are on to the old-school push marketing and selling strategies, and they’re not buying it.

The onus is now on brands and their partners to reach people in their actual habitats and truly engage with them, not to use generic cold-calling scripts, automated marketing programs or semi-automated sales emails and hope for the best.

Choose Conversation Over Convenience

As the number of lead-generation tools increases, sales teams have—by their own admission—fallen into the trap of convenience, awaiting “A” leads. It’s easy to acquire lists or email addresses and blast a one-size-fits-all message. When you know that a program will guarantee a certain reach and “results” at practically no cost, with relatively little time or strategic investment, real thought-leadership and relationship-building become increasingly rare.

In a world where it’s easier to ignore or delete even the most creative and targeted marketing than to interact with it, sales and marketing teams must engage and collaborate before selling. Because while social selling, email, collaboration tools and content-marketing automation make it easier than ever to be in the game, when you use these tools without providing genuine value, you’re talking at prospective buyers, not *with* them.

Cultivate the Community

Your sales ecosystem is probably bigger than you think. It certainly may include a direct sales and marketing team, as well as indirect resellers and partners. But what about outsiders who influence your buyers’ decisions? And their social influencers?

The entire ecosystem shapes your buyers' path to purchase. And understanding the complexities of that path, and how your product or service slots into it, is crucial to new customer growth and success.

It starts with understanding the most complex part of the entire ecosystem: your customers. Educated, skeptical and well-connected, today's buyers will go to bat for a brand if it speaks to them on an emotional level. But to reach that level, you must champion customer success.

Of course, to help them achieve success, you must know how your customers define it. What do they care about? What are their needs? Are they even looking for a solution to the problem you purport to solve?

The irony is that there is a huge list of names already in your CRM, but you have no idea who is at the other end or what their real business issues are. So start with your customers. Go straight to the source to discover their needs. It may sound obvious, but a majority of executives and their sales and marketing teams are still not talking to enough customers on a daily basis or focusing on their success. And if you don't have that knowledge, how can you possibly communicate the right messaging to your channel or partners? After all, they're the ones who will stand face-to-face with the prospect or customer when a deal is on the line or a renewal is just around the corner.

But don't just talk to your channel partners and resellers, listen to them. These are people on the front lines. They're talking one-on-one with prospects, discovering what questions they have and what potential roadblocks keep them from purchasing. They also know the types of conversations prospects have with others and which issues have the potential to result in churn.

Using these insights, you will be able to create more effective training, personas, messaging, sales tools and content marketing assets—all of which will better support your direct and indirect sales partners.

Survey the Land

The goal from getting to know your customers firsthand is creating one or multiple buyer personas, or short narratives, that paint a biographical picture of the many types of people in your target base. A solid buyer persona—or partner persona, if you're recruiting partners—is like a pot of gold to a salesperson or marketer. It becomes an intelligent cheat sheet to refer to when they direct their efforts.

As you begin to deconstruct your buyers, you'll discover what types of conversations they're having and where, who or what is shaping their decision, and how to begin to establish

and build trust with them. Zero-in on how to involve their spheres of influence and you can create a brand trusted by people you may not even be directly selling to.

Once you've learned everything there is to know about your market, you can begin to effectively support them, providing real value along each phase of their path to purchase. As such, you will need to understand what each phase looks like and how to identify where and when they start and end. That way you know when to step in with resources and answers.

If this sounds like an overwhelmingly personal way to conduct business, that's because it is. But sellers and marketers can't afford to operate any other way. No amount of inauthentic automation or heavy-handed push marketing will afford this level of engagement or support.

Time is valuable, but a fear of the time it takes to get to know an audience on a deeper level can be a major factor keeping sales teams from evolving alongside their customers.

The good news is that the more you practice mapping your customer's journey, the more automated the process becomes. It's a matter of repetition. You'll get better at anticipating moves, asking questions and pinpointing common trends. And all these tools can be used to support your partners selling on the front lines.

There's no doubt about it, selling is hard. And in many regards, the attempts to make it easier have actually made it harder by driving us farther away from the people who matter most: the customers. By taking the human element out of the sales equation, we've lost sight of the fact that audiences are people. There is power in connections and collaboration, just like there's power in technology, and

the best sales forces are the ones that figure out how to get the most from the humanity inherent in each. [PAM](#)



About the Author

Scott Salkin is the founder and CEO of Allbound, a SaaS platform that helps businesses accelerate channel partner sales through content marketing, collaboration and customer success. Scott guides the firm's overall direction and strategy. He also speaks at marketing and channel events around the country. Follow Scott on Twitter at @scottsalkin or email him at ssalkin@allbound.com.



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A New Product VP's

INDIVIDUAL PRODUCT PROFESSIONALS DRIVE INDIVIDUAL PRODUCTS or services. But vice presidents of product establish the broader context for getting great products built and making them successful. They use a combination of processes, trust-building, hiring, mentoring and cross-functional leadership to help their individual product managers succeed. Since I spend most of my time wrangling product issues at the C-level, here are some thoughts on creating conditions that can unleash great product work.

For context, let's imagine a newly arrived vice president (or director) of products. She is taking over a product team of five, matched with a development organization of 50. Product roles are poorly defined, priorities are muddy, overall development productivity is uninspiring, and there's lots of griping about how product management isn't doing its job. What should our heroine put on her 90-day strategic to-do list?

1 Create and merchandise a minimalist current-quarter priority list. As quickly as possible, she needs a simple, force-ranked answer to "What are our top three priorities this quarter?" This should be obvious but rarely is. Even if it's only partly correct, the list gives her a way to push consensus among the executive team—which will be critical to everything that follows. An astute negotiator, she gets the executive staff's agreement that her list is "right enough" and they will back her product priorities. She relentlessly shares this high-level list with her functional partners (development, sales and marketing) to uncover any festering disagreements. (The list is less than a roadmap, and it doesn't address feature-level choices, but helps her sort "you don't agree with my priorities" from "you think my team is failing.")

2 Become the heat shield for escalations. Our VP won't



90-Day Checklist

BY RICH MIRONOV

be surprised that her team gets five-plus escalations every day from sales, support, customers and prospects. Each of these makes sense in a vacuum, but her individual team members are spending a lot of time defending the current plan from trainloads of seemingly good suggestions. She knows that sales and marketing live in an “and” universe, but development lives in an “exclusive or” universe. Her product professionals straddle the two.

Since she has buy-in to her few explicit priorities, her team can respond more clearly to other requests: *“That’s a great idea; tell me more about the customer’s root issue ... but we’ll need to put that into the backlog since it’s not one of our top things for this quarter.”*

Lots of escalations will ricochet back to her, but she can stand firm on most of the account-specific requests that consume so much development time. She becomes the congenial promoter of “exclusive or” thinking at the executive level, freeing up her team to make more nuanced decisions.

3 Create some job boundaries. She’s certain to discover that every department feels short-changed for product management attention, and the combined set of demands is impossible to meet.

- *“The scrum product owner book says that product management must be at every standup and available to development teams 24/7. Every story needs to be exhaustive, and we need four sprints-worth of groomed backlog.”—development*
- *“Product management must be on every new customer call and in every technical partnering meeting. Everyone at the company works in sales.”—sales*
- *“We need dual-track discovery teams of product + UX + technical architecture in the field at all times.”—innovation/lean strategy*
- *“Your team has to staff six industry events next quarter, create four segment-specific product pitches and do weekly webinars.”—marketing*
- *“Incoming bugs need to be ranked and sized within a week.”—support*

Her individual product managers don’t have enough organizational leverage to fight back against this job-scope creep, and they’ve inadvertently raised expectations by temporarily filling gaps, only to inherit those gaps permanently. Our new VP needs to set general guidelines for her team, which makes this less personal. *“I expect that you’ll each spend 60 percent with development; 30 percent with customers, prospects and market discovery; and 10 percent with organizational communications/planning. Trade shows only if you’re speaking. No unqualified sales calls: only train-the-trainer and technical closer meetings. Let’s talk through where that’s challenging, and what I can take off your collective plates.”*

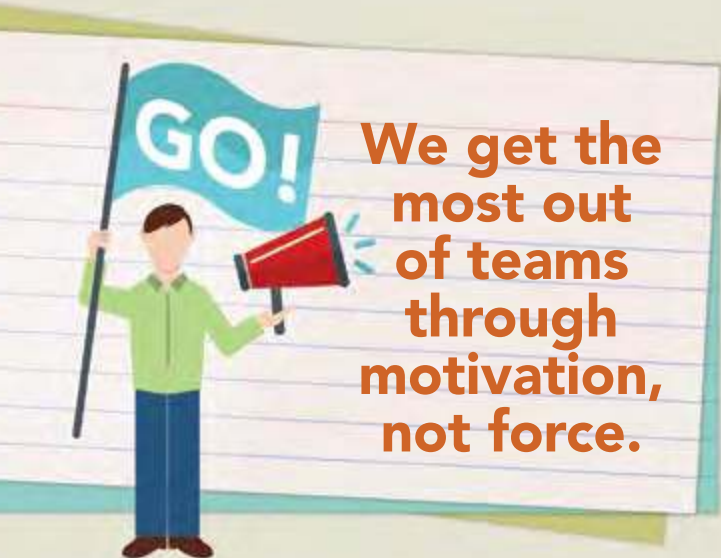
4 Build trust, promote cross-functional goodwill and sell the value of product management. Our VP will be frustrated (but not surprised) that almost no one at her company understands what product management does, or how they really add value. Combined with the unbounded job expectations above, her team is often viewed as failing. So she starts a slow-but-steady roadshow for her peers and their departments.



**Vice presidents
of product
establish
the broader
context for
getting great
products built
and making
them successful.**



This combines basic education (“Here’s how my team helps us build the right products and make money”), active listening (“I’m sure things aren’t perfect. Let’s talk through your issues and pick one to address first”) and endless reiteration of priorities (“Here are our No. 1 and No. 2 deliverables for the quarter. Let me know if there’s anything you would put above No. 1.”) She’s building trust along the way, clarifying that her team is neither rejecting enhancement requests out of spite, nor willfully avoiding meetings just to sit around. Her product managers have tons of responsibility but no authority, so they need cross-organizational trust to get anything done.



5 Get development re-energized. She may hear some developer complain about wasted work or erratic priorities. A student of Daniel Pink, she knows that we get the most out of teams through motivation, not force. She’ll work to get development excited about problems and emotionally connected to users. She’ll show that they are working on what really matters to paying customers. And she’ll do it by organizing product/vision sessions specifically for development. (“Real users have these problems. Product and development collectively refine problem statements and collectively find solutions. We want the smartest people in the room to figure it out.”) Engineers start working late because they love to solve meaningful problems.

6 Update the hiring and training/mentoring plan. Our VP has repeatedly inherited untrained, unmentored product teams with the wrong skill sets and in the wrong geographies. She rips up the current hiring plan and job descriptions, which emphasize subject-matter expertise over product management experience. She moves actual product experience to the top of her candidate filter and requires that all new product hires be co-located with their development teams. Then she starts a weekly mentoring/coaching cycle with her current staff, emphasizing organizational collaboration and strategic market

understanding. Not all of them are well-suited for product management, but she’ll groom as many as she can. (And help find better-fitting roles in the company for the rest.)

7 Organize market discovery teams. After a month or two, morale is up and escalations are down. Her product teams are starting to find their grooves. Now it’s time to start identifying what the broader market really wants from her product line. Our VP might partner with development to form a part-time market validation team (her best product professional, a UX veteran and a software architect) to validate new product concepts with real B2B users. Or she might push for instrumentation and A/B testing of consumer SaaS improvements. Or maybe oversee a few other lean experiments. Executive-level air cover for these teams is critical, since it’s easy to value current-quarter deliverables above all else and keep postponing real market learning for just another quarter or two.

It’s a lot to do. It’s a good thing our heroine plays the long game, finding motivation in small wins and attitudinal improvements along the road to great products. And revenue. And cross-functional trust.

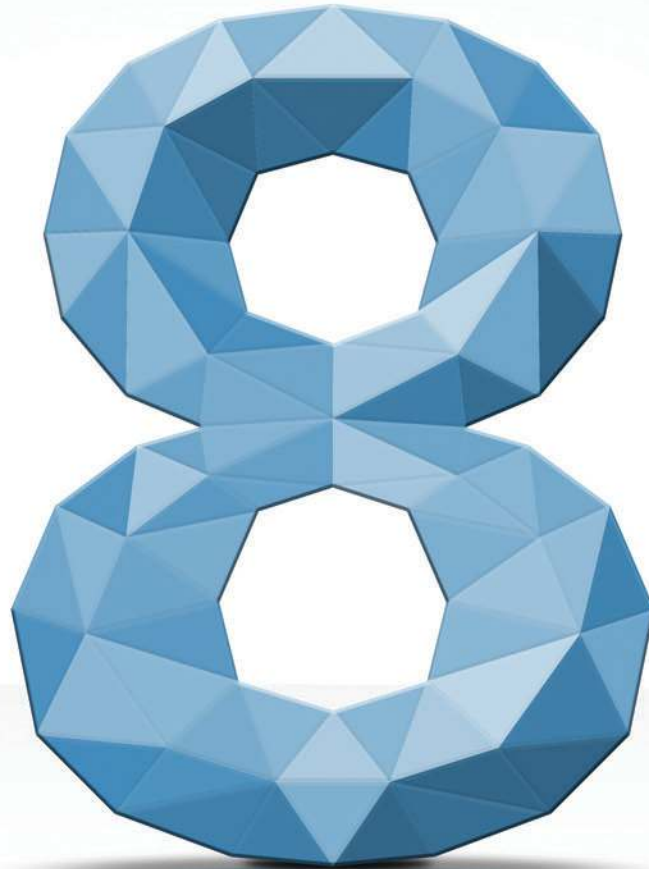
It’s worth noting that great product professionals can work out some of these issues for themselves (and their teams). But we want them to focus on their specific products and services. It’s very hard to drive organizational change while also building winning products.

Also, some directors and VPs are really player-coaches, managing a small part of the product portfolio themselves while overseeing a team. If you have more than three direct reports, though, you should be focused on this kind of organizational enablement and process improvement — which your staff can’t do for you. Delegate the product-specific work.

Product management leaders have to create an environment where their teams can be successful. That includes a lot of organizational design, behavior modification and relentless focus on the few most important projects. **PM**

About the Author

Rich Mironov coaches product executives, product management teams and agile development organizations. He also parachutes into software companies as interim VP product management/chief product officer. A seasoned tech executive and serial entrepreneur, Rich has been the “product guy” at six startups. He founded the first ProductCamp, is the author of *The Art of Product Management* and blogs at www.Mironov.com about software, startups, product strategies and Silicon Valley product management. Rich has a bachelor’s degree in physics from Yale (with a thesis on dinosaur extinction theories), an MBA from Stanford, and he often lectures about the business of software. Contact him at rich@mironov.com.



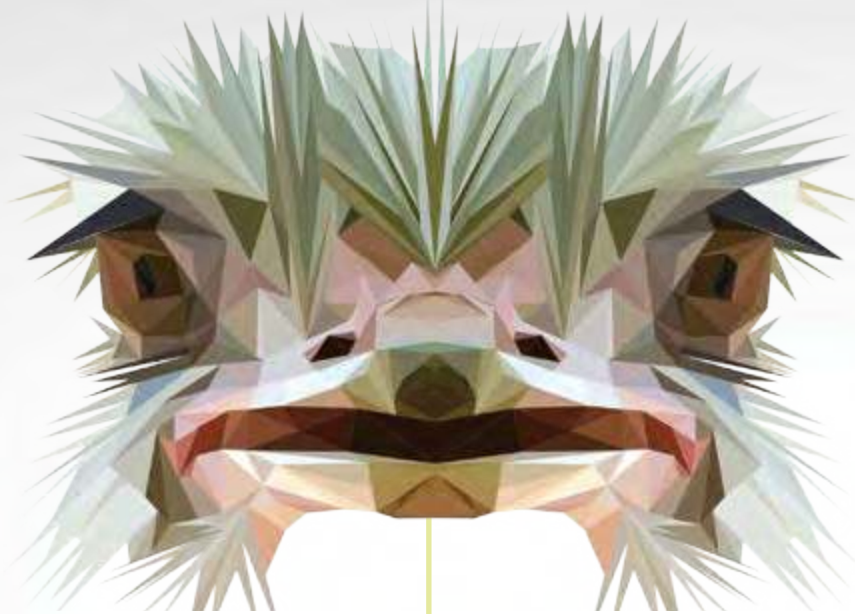
Blocks

The Critical Realities for Growing Any Business

BY PAUL SCHWADA

HAVE YOU EVER MET A SALESPERSON WHO ENJOYED DOING EXPENSE REPORTS? Me neither, and I certainly understand why. Not only are they tedious, expense reports don't directly contribute any value to the salesperson's work. They're simply a constraint he has to deal with because someone once bought fishing gear on a company credit card.

We all have constraints. They limit our time. They limit the available options when we make decisions. They limit our effectiveness. And they may not provide much upside to compensate us for the limitation. But they're real, so we need to identify and work around the most significant constraints.



You may have worked with someone who resembles a certain animal when it comes to constraints:

The ostrich puts his head in the sand and refuses to acknowledge the reality of the constraints. He's the guy who keeps suggesting the same idea, even though everyone else knows the idea won't gain any traction with the people who have to approve such things.

The seal barks loudly and obnoxiously about the reality of the constraints. Seals don't really suggest any ideas; they just tell anyone who will listen why the organization is too foolish, lazy, fearful or short-sighted to avail itself of certain oh-so-obvious solutions.

The donkey knows the constraints are real, but stubbornly resists them. The donkey acts on his preferences—doing some things, refusing to do others—even though it will cause aggravation for himself and the organization.

All three are committing a grave offense: They're wasting opportunity. Sure, some of the constraints you face may be unfortunate. But most businesses have way too much potential to waste time pretending the constraints don't exist, complaining about them or fighting them. Your objective is to grow the business, so recognize what you have to deal with and move forward.

You don't need to identify every last constraint ("I can wear open-toe sandals on Fridays in June, but not on Mondays in March"). You need to highlight those that have important implications for your growth efforts. It's not always easy to identify constraints until you bump up against them, and I'll admit it's not very exciting work. So here are some ways to identify constraints.

The ostrich puts his head in the sand and refuses to acknowledge the reality of the constraints.

Your Risk Profile

If you've ever found yourself thundering behind closed doors at the shortsighted nincompoop who refused to approve your plan (a no-brainer!), the problem probably wasn't his IQ or his eyesight. More likely, you were feeling the constraint of his appetite for risk. Each organization has a unique risk profile that exerts powerful influence. It develops from a blend of many sources, but more important than understanding the source of the madness is defining it so you can save yourself the grief of thundering at all.

The basic question is simple: What could you afford to mess up in order to try to grow the business?

Could you go into the tank this year, this quarter, or this month in order to try something that might prove valuable over multiple years? Could you afford to ruin some relationships in this customer segment, or with these channel partners, in order to try something that might allow you growth in other areas?

Maybe you can only make investments that will pay off in a year or two; a slower return is unacceptable. Or maybe your organization is comfortable with decade-long payoffs.

Your risk profile almost certainly constrains various investments based on their size.

Maybe the official approvers don't care about time frame so much, but no one's putting anything more than \$20,000 on the line—no matter how wonderful the opportunity. That kind of limit may have nothing to do with the depth of your company's pockets.





Or perhaps you can't invest more than \$10,000 without a federal inquiry, but you can waste up to \$9,999 and no one will say a word.

Maybe it's brand. In some companies you just can't take any risks with the brand or the public image. They place conservative limits on what the brand means and the things to which it is attached. There are endless possible constraints defined by your risk profile, but advancing an organization in significant ways always entails risk. If you're going to try to grow the business, you need to know your limitations.

Cultural Expectations

There are plenty of other possible constraints you need to know about. Some are cultural: We're going to work a certain way, communicate a certain way, pay people a certain way, care about certain things and hire certain kinds of people. If every employee in your organization attended a prestigious university, your growth plans may be limited to ideas that involve such pedigreed personnel.

If you can't market the business to a certain kind of customer because that customer just doesn't fit the managing partner's self-image, so be it. I know a guy who blows blood vessels quarterly because the company's leaders just can't wrap their heads around the modern idea of developing a venture capital function within an established corporation. He sees obvious benefit in adopting the new style; they see themselves wearing a fashion that just doesn't feel right—the discomfort probably compounded by the constraints of their risk profile.

Mandatory Processes

There are usually some "mandatories" you have to work around. These are things you simply have to do and there's no point in arguing about them. The salesperson's expense report is just one example of this. If you have to jump through certain process hoops or meet rigid timelines to get official approval for funding, plan for it. If you have to provide quarterly updates to the top executive for any special initiative, you just have to deal with that mandatory requirement.

Assumptions

Similar to mandatories, sometimes the organization won't accept anything other than a certain answer to a certain question, and this kind of constraint can be troubling. The sacred cow might be that your prices can never fall below a certain threshold,



TWO ROADS DIVERGED

PROVIDER OF PARKING AND TRAFFIC SYSTEMS

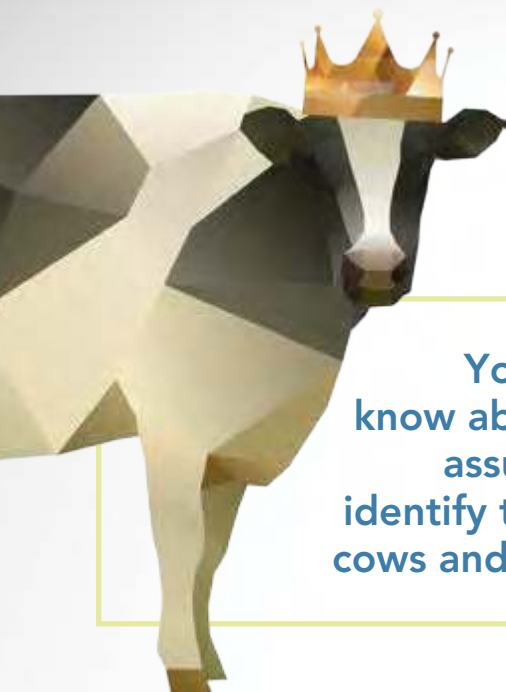
A discovered an opportunity to sell a huge system to a major airport. But the sale—the equivalent of an entire year of normal revenue—required the organization's full focus to develop a completely new system from the ground up. The team won the project, to which they dedicated several years and several dozen software contractors. Meanwhile, the base business declined. The core product line was showing its age, the channel partners felt neglected and competitors were advancing while the team looked the other way.



When the dust settled, the organization was left holding two leaky pails—a new product line with few prospects beyond an unhappy first customer, and a core business approaching the point of no return. Drained of energy for heroic efforts and a fresh perspective, both of which would have been required to turn around the core business, the organization bumped along for a few more years, then died.

What reality did they miss? More than any, they failed to define whether the new opportunity fit their risk profile and resource pool, two important parts of their internal constraints. The base product line was already well-aged when the big airport RFP came out, and the channel partners were already concerned. The leaders didn't intentionally decide to abandon the core business in favor of the new, but they didn't evaluate clearly whether the risk involved in pursuing the new segment—considering the massive product development investment required—was prudent relative to the opportunities in their core business and its current condition. Nor did they accurately define the resources necessary to adequately support both new and old product lines.





You need to know about faulty assumptions—identify the sacred cows and move on.

or that customers choose you because the founder’s picture is on a billboard. If you have to be at that one conference, regardless of whether you think it’s a good investment, fine. And doggone it, if your product has to be made in (pick a country) or your CEO’s grandfather will roll over in his grave, then it just does. In a case like this, identify the sacred cows and move on. You need to know about faulty assumptions, but you can usually work around them. Few constraints are so substantial that they obstruct all paths to growth.

The Four Ps

Sometimes a constraint is inherent in the traditional four Ps—product, price, promotion and place (also called channel or distribution). Ideally the people trying to grow a business have access to all four of these levers, but the reality may not be so kind. The upside is that thinking through your constraints in the four Ps can actually be a creative and insightful exercise.

Particularly in a company that is defined by the one thing it does, you might be stuck with the product. It is what it is, of course, but the situation is often more nuanced than that. Portions of the total product offering may be fixed, but there may be some aspect you can change—such as the name, the configuration or the warranty.

Maybe price is a constraint. For whatever reason, you can’t fiddle with the price of a certain high-visibility product (or a highly regulated product). But consider these constraints carefully; like product, there are many angles to price, and you may discover that you have more flexibility than you initially thought.

What about promotion? How constrained are you when it comes to making decisions about how you’ll promote the

business, such as that trade show you “have to” attend? You need to know this to avoid wasting time (and political capital) on growth efforts that simply aren’t real options for your organization.

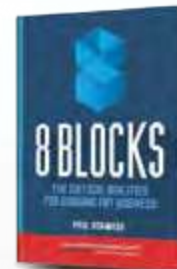
And place/channel/distribution can be a constraint in many kinds of businesses. How do you actually deliver to the market, and is there wiggle room in that model? Could you eliminate or change channels? If not, could you add a new channel? Could you modify the channel you use, or modify how you use it?

There’s some overlap between the categories I’ve listed here, certainly, but these are the kinds of constraints you need to know about. And the process of thinking through them will get you close enough to reality.

To highlight the importance of constraints, let’s use an example from the Four Ps. Having to use a certain channel to market is a difficult constraint to work around. You may be able to create a secondary channel to subsidize it, or you can try to optimize the approach for that inferior channel (to make the best of it). Either of these options will usually be better than trying to change a deeply and widely believed assumption. And if the assumption really is wrong, then this may be a brilliant opportunity to help everyone to realize that—as you try to put a square peg into a round hole.

Take a moment and make some mental notes: How does your organization’s risk profile constrain you? What cultural characteristics do you need to accommodate? What are some deeply held assumptions that you question? What are some mandatory processes or actions? Which of the Four Ps can you fool around with? Are they constraints—do you just plain have to live with them—or not? **PM**

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About the Author

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A PRAGMATIC APPROACH

Put this issue's ideas into action.

Seek Customer Empathy

To screen job candidates for customer empathy, ask what they know about your target market and then note their response.

Anuraag Verma

page **9**

Get to Know Your Market

Prioritize customer segments to uncover untapped potential and sidestep product traps.

Jesus Ramirez

page **11**

Be Consistent

Stick to a posting schedule for social media and always keep your brand's target audience in mind.

Sheila Kloefkorn

page **14**

Identify Market-Driven Acquisitions

Select potential acquisition targets using the same criteria you use to prioritize your product roadmap.

Frank Tait

page **16**

Select Data Wisely

Develop a data strategy that ensures your applications capture the data you actually need.

Michael Peach

page **19**

Understand the Impact of Outages

First understand the impact on customers when your product is down, then plan for the right level of performance and stress testing.

Daniel Elizalde

page **22**

Find the Change

Identify why buyers want a better solution before you launch a new product.

Greg Alexander

page **25**

Champion Customer Success

Find out how your customers define success so that you can help them achieve it.

Scott Salkin

page **29**

Keep it Impersonal

VPs fight job-scope creep by setting general guidelines for the team.

Rich Miranov

page **31**

Anticipate Constraints

Identify your company's limitations to speed the path of growth for your business.

Paul Schwada

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